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Farm Outlook

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Farm Outlook...

HOGS . . .

Farrowing and hog inventory estimates indicate hog marketings will be well above a year earlier during the first half of 1967. But the increase in volume during the last half of the year will be quite moderate--if present farrowing plans are carried out.

The 1966 fall pig crop (June-November farrowings) was 9 percent above the previous year. Pigs from this farrowing period will make up the bulk of the slaughter during the first six months of this year. The distribution of farrowings suggests January-March marketings may be up 10 to 12 percent. April-June volume is likely to be 9 to 10 percent above a year earlier.

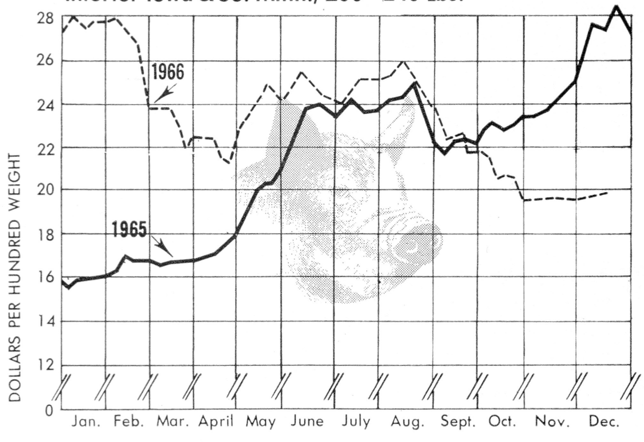
Hog marketings during the last half of this year will depend upon the size of the 1967 spring pig crop (December 1966-May 1967 farrowings). On December 1, hog producers across the country said they would increase farrowings in this period by only 3 percent from the previous year.

Farrowing plans are reported by quarters in 19 cornbelt states that produce a major share of the nation's hogs. In these states, December-February farrowing plans were 6 percent above a year earlier. However, farrowing plans for the March-May period showed no change from the previous year.

If these farrowing intentions are carried out, hog marketings in the July-September quarter would probably be 5 to 7 percent above a year earlier. But volume during the last three months of the year would be about the same as in 1966.

Interior Iowa prices for U.S. No. 1 to 3 200 to 240-lb. barrows and gilts were in a $19 to $20 range as the new year began. At this level, the market was $7 to $8 below a year earlier and around $6 below mid-August. Prices are

Weekly Average Price of Barrows and Gilts, Interior Iowa & So. Minn., 200 - 240 Lbs.

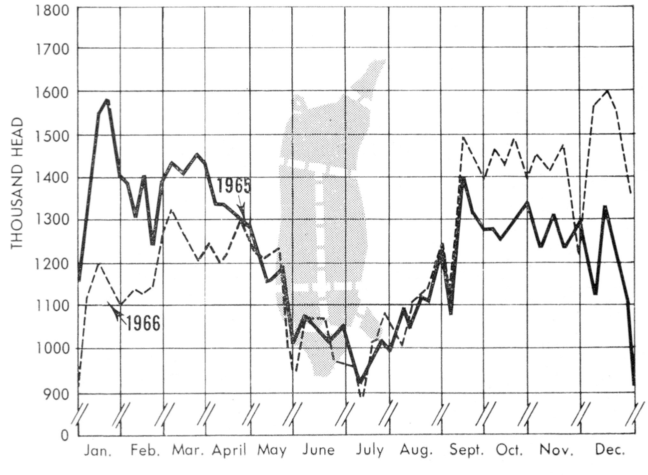


likely to be within the $19.50 to $21 range through mid-winter.

Larger marketings in late March and April may cause some seasonal weakness at that time. But prices should be on the upswing again in May and show further strength into the summer. By June, Interior Iowa prices for barrows and gilts are likely to be around $22 per cwt., with the July-August market rising to the $24 area.

If December 1 farrowing plans for the March-May quarter are carried out, hog prices next fall would probably stay above the $20 level at Interior markets. Some increase in March-May farrowings

Estimated Federally Inspected Hog Slaughter



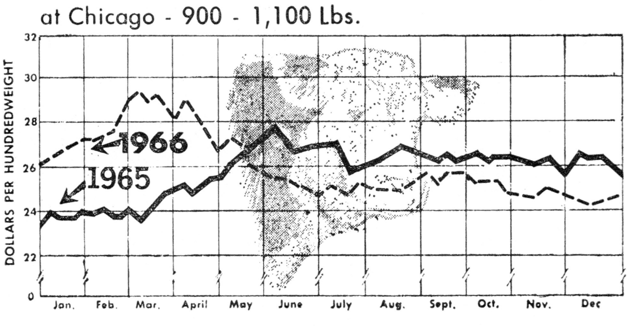
is still possible. But it isn't likely to be enough to force prices much below the $20 mark.

The 3 percent increase in farrowing planned for the 1967 spring pig crop is smaller than expected. This may reflect the recent decline in profit margins—as hog prices declined and corn prices strengthened. The corn-hog ratio in January was around 14.0, compared with ratios of around 18.0 last summer and 23.0 a year earlier.

Higher corn prices and expectations of favorable profits from cash grain sales may be another reason for the moderate increase in hog production. Labor considerations and the more specialized nature of many hog operations may be other factors.

CATTLE . . .

Weekly Average Prices of Choice Slaughter Steers at Chicago - 900 - 1,100 Lbs.



Fed cattle prices showed a little strength during the early days of the new year. In early January, Choice steers at Chicago averaged around $25, about $1.25 under a year earlier.

The January 1 cattle on feed report (not available at this writing) will provide a later indication of price developments in the months ahead. At this time, however, it appears likely that prices will show moderate gains this winter—with further strength in the last half of the year.

Total cattle slaughter in 1967 is expected to be below the 1966 level—probably by 3 to 5 percent. Most of the decrease will be in cows and other nonfed cattle. Fed cattle marketings will probably exceed year earlier levels this winter and spring—but are expected to drop below a year earlier during the last half of the year.

The number of cattle and calves on farms January 1 is expected to be 1 to 2 percent below a year earlier. The beef cow herd is also likely to be down slightly in size. Herd expansion, however, is expected to get underway this year. One indication of this is the sharp drop in cow slaughter from a year earlier, since June of 1966.

CORN . . .

Early January prices for No. 2 yellow corn in Central Iowa were around $1.26 per bushel—about 12 cents above a year earlier. A smaller total supply of corn and other feed grains and prospects for a further decline in carryover stocks this year are major sources of strength.

Final estimates placed the 1966 corn crop at 4,103 million bushels. This was slightly larger than the revised 1965 production estimate of 4,084 million bushels.

Corn usage by livestock in the 1966-67 feeding year is expected to be about the same as a year earlier. Corn exports may be down a little from the 1965-66 marketing year total of 687 million bushels.

While total corn usage this year may be down slightly, disappearance will probably exceed 1966 production by 200 to 300 million bushels. This will reduce carryover stocks to around 600 million bushels next October 1, compared with 866 million bushels a year earlier.

Price developments this year will be more strongly influenced by new crop prospects than in recent years. At this time, it appears likely that corn prices will show some additional strength this winter—but will probably stay within the $1.25 to $1.35 range in Central Iowa. A sizable increase in feed grain acreage is expected this year. If early yield prospects are favorable, corn prices will probably weaken during the spring and summer. Poor yield prospects, however, would no doubt bring considerable further strength.

—Gene Futrell